CENTRAL REINSURANCE CORPORATION

FINANCIAL STATEMENTS AND REPORT OF

INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR14000216

To Central Reinsurance Corporation

We have audited the accompanying balance sheets of Central Reinsurance Corporation as of December 31, 2014 and 2013, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Reinsurance Corporation as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission and "Rules for the Preparation of Financial Reports by Insurance Institutions".

PricewaterhouseCoopers, Taiwan

March 25, 2015

Taipei, Taiwan

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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CENTRAL REINSURANCE CORPORATION
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
Cash and cash equivalents	6(1)	$ 18,430,910	54	$ 17,673,887	54
Accounts receivable	6(2)	399,901	1	183,877	-
Current income tax assets		133,340	1	111,284	-
Financial assets at fair value through profit or loss	6(3)	949,291	3	963,635	3
Available-for-sale financial assets	6(4)	4,852,161	14	4,966,826	15
Bond investments without active market	6(5)	3,125,047	9	3,176,695	10
Other financial assets	6(6)	524,296	2	247,560	1
Investment property	6(7)	459,027	1	459,570	1
Reinsurance contract assets	6(8)	3,859,592	11	3,877,374	12
Property and equipment	6(10)	214,772	1	203,973	1
Intangible assets		1,531	-	2,142	-
Deferred income tax assets	6(16)	36,423	-	47,425	-
Other assets		1,022,876	3	1,022,984	3
TOTAL ASSETS		$ 34,009,167	100	$ 32,937,232	100
LIABILITIES AND EQUITY					
Accounts payable	6(11)	$ 577,906	2	$ 393,767	2
Current income tax liabilities		115,627	-	25,040	-
Financial liabilities at fair value through profit or loss	6(3)	66,470	-	11,785	-
Insurance liabilities	6(8)	23,664,460	70	23,382,630	71
Provisions	6(12)	5,778	-	772	-
Deferred income tax liabilities	6(16)	77,799	-	51,447	-
Other liabilities		44,211	-	38,243	-
TOTAL LIABILITIES		24,552,251	72	23,903,684	73
EQUITY					
Capital					
Common stock	6(13)	5,622,750	17	5,622,750	17
Capital reserve		300,000	1	300,000	1
Retained earnings					
Legal reserve		1,274,236	4	1,127,818	3
Special reserve	6(15)	976,714	3	1,266,462	4
Undistributed earnings	6(16)	1,118,951	3	784,255	2
Other equity	6(4)	164,265	-	(67,737)	-
TOTAL EQUITY		9,456,916	28	9,033,548	27
TOTAL LIABILITIES AND EQUITY		$ 34,009,167	100	$ 32,937,232	100

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31 2014 AMOUNT	2014 %	2013 AMOUNT	2013 %	Changes Percentage (%)
Operating revenues						
Gross premiums written		$ 16,349,868	100	$ 15,649,693	102	4
Less: Reinsurance premiums ceded		(1,085,426)	(7)	(908,808)	(6)	19
Net change in unearned premium reserve	6(8)	242,733	2	(144,518)	(1)	(268)
Retention earned premiums		15,507,175	95	14,596,367	95	6
Reinsurance commission revenue		302,102	2	266,945	2	13
Overriding commission revenue		15,986	-	16,508	-	(3)
Net gain from investment						
Interest income		315,125	2	291,332	2	8
Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss	6(3)	(147,280)	(1)	(49,889)	(1)	195
Realized gain or loss on available-for-sale financial assets		83,807	1	(143,375)	(1)	(158)
Realized gain or loss on bond investments without active market		-	-	271,434	2	(100)
Foreign exchange gain		186,375	1	112,911	1	65
Gain on investment property	6(7)	17,286	-	18,929	-	(9)
Total net gain from investment		455,313	3	501,342	3	(9)
Other operating revenues		2,987	-	3,332	-	(10)
Total operating revenues		16,283,563	100	15,384,494	100	6
Operating costs						
Reinsurance claims paid		(10,054,640)	(62)	(9,357,147)	(61)	7
Less: Reinsurance claims recovery		420,859	3	471,486	3	(11)
Retention reinsurance claims paid		(9,633,781)	(59)	(8,885,661)	(58)	8
Net changes in other insurance liabilities	6(8)	(489,562)	(3)	(268,665)	(1)	82
Reinsurance commission expenses		(4,781,683)	(30)	(4,908,020)	(32)	(3)
Other operating costs		(2,391)	-	(2)	-	119450
Total operating costs		(14,907,417)	(92)	(14,062,348)	(91)	6
Operating expenses						
Selling expenses		(258,914)	(1)	(274,036)	(2)	(6)
Administration expenses		(114,787)	(1)	(103,093)	(1)	11
Training expenses		(1,433)	-	(803)	-	78
Total operating expenses		(375,134)	(2)	(377,932)	(3)	(1)
Net operating income		1,001,012	6	944,214	6	6
Non-operating income and expenses		(1)	-	586	-	(100)
Income from continuing operations before tax		1,001,011	6	944,800	6	6
Income tax expense	6(16)	(130,137)	(1)	(212,710)	(1)	(39)
Income from continuing operations after tax		870,874	5	732,090	5	19
Net income		870,874	5	732,090	5	19

(Continued)

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31 2014 AMOUNT	2014 %	2013 AMOUNT	2013 %	Changes Percentage (%)
Other comprehensive income						
Unrealized gain on available-for-sale financial assets	6(4)	$ 264,419	2	$ 598,432	4	(56)
Actuarial loss on defined benefit plan	6(12)	(5,757)	-	(1,575)	-	266
Income tax relating to the components of other comprehensive income	6(4)(16)	(31,438)	-	(13,695)	-	130
Total other comprehensive income for the year (after tax)		227,224	2	583,162	4	(61)
Total comprehensive income for the year		$ 1,098,098	7	$ 1,315,252	9	(17)
Earnings per share (after tax)						
Basic and Diluted		$ 1.55		$ 1.30		

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity	
	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Undistributed Earnings	Unrealized Gain or Loss on Available-for sale Financial Assets	Total Equity
2013								
Balance at January 1, 2013		$ 5,512,500	$ 300,000	$ 991,944	$ 1,235,532	$ 606,151	($ 652,206)	$ 7,993,921
Distributions of 2012 earnings (Note)								
Legal reserve		-	-	135,874	-	(135,874)	-	-
Cash dividends	6(15)	-	-	-	-	(275,625)	-	(275,625)
Stock dividends	6(15)	110,250	-	-	-	(110,250)	-	-
Reversal of special reserve		-	-	-	(195,539)	195,539	-	-
Net income for 2013		-	-	-	-	732,090	-	732,090
Appropriation for equalization reserve for 2013	6(15)	-	-	-	226,469	(226,469)	-	-
Other comprehensive income for 2013	6(4)	-	-	-	-	(1,307)	584,469	583,162
Balance at December 31, 2013		$ 5,622,750	$ 300,000	$ 1,127,818	$ 1,266,462	$ 784,255	($ 67,737)	$ 9,033,548
2014								
Balance at January 1, 2014		$ 5,622,750	$ 300,000	$ 1,127,818	$ 1,266,462	$ 784,255	($ 67,737)	$ 9,033,548
Distributions of 2013 earnings (Note)								
Legal reserve		-	-	146,418	-	(146,418)	-	-
Cash dividends	6(15)	-	-	-	-	(674,730)	-	(674,730)
Reversal of special reserve		-	-	-	(519,716)	519,716	-	-
Net income for 2014		-	-	-	-	870,874	-	870,874
Appropriation for equalization reserve for 2014	6(15)	-	-	-	229,968	(229,968)	-	-
Other comprehensive income for 2014	6(4)	-	-	-	-	(4,778)	232,002	227,224
Balance at December 31, 2014		$ 5,622,750	$ 300,000	$ 1,274,236	$ 976,714	$ 1,118,951	$ 164,265	$ 9,456,916

Note: Employees' bonus of $5,996 and $5,580, and directors' remuneration of $3,100 and $2,300 for 2013 and 2012, respectively, have been deducted from the statement of comprehensive income.

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 1,001,011	$ 944,800
Adjustments to reconcile net income before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation		8,046	7,036
Amortization	6(17)	1,350	1,296
Net change in reserves		246,829	413,183
Net loss (gain) on financial assets and liabilities at fair value through profit or loss		57,549	(118,778)
Net loss on available-for-sale financial assets		216	201,674
Net gain on bond investments without active market		-	(271,434)
Interest income		(332,334)	(313,718)
Dividend income		(105,481)	(74,432)
Net gain on disposal of property and equipment		(15)	-
Unrealized foreign exchange gain		(101,928)	(119,445)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		(215,876)	167,829
Financial assets at fair value through profit or loss		13,470	541,080
Reinsurance contract assets		52,783	(507,813)
Other assets		(5,650)	72,499
Net changes in liabilities relating to operating activities			
Accounts payable		184,139	(459,114)
Provisions		(751)	(803)
Other liabilities		5,968	358
Cash generated from operations		809,326	484,218
Interest received		336,729	303,269
Dividend received		104,792	75,754
Cash paid for income tax		(55,690)	(129,902)
Net cash provided by operating activities		1,195,157	733,339
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(20,506)	-
Proceeds from disposal of financial assets at fair value through profit or loss		18,516	642,027
Acquisition of available-for-sale financial assets		(11,546,277)	(8,523,215)
Proceeds from disposal of available-for-sale financial assets		11,924,846	9,540,085
Acquisition of bond investments without active market		(117,118)	(2,302,298)
Proceeds from disposal of bond investments without active market		-	500,362
Bond investments without active market yield to date		269,553	585,090
Acquisition of property and equipment	6(10)	(16,189)	(1,436)
Proceeds from disposal of property and equipment		15	-
Acquisition of investment property	6(7)	(2,113)	(1,953)
Increase in other financial assets		(276,736)	(247,560)
Acquisition of intangible assets		(739)	-
Net cash provided by investing activities		233,252	191,102
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	6(15)	(674,730)	(275,625)
Net cash used in financing activities		(674,730)	(275,625)
Effects of exchange rate changes		3,344	16,889
Increase in cash and cash equivalents		757,023	665,705
Cash and cash equivalents at beginning of year		17,673,887	17,008,182
Cash and cash equivalents at end of year		$ 18,430,910	$ 17,673,887

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

1. HISTORY AND ORGANIZATION

Central Reinsurance Corporation ("the Company") was originally a state-owned enterprise, incorporated on October 31, 1968, and provides a broad range of property and life inward and outward reinsurance services. The Company's shares of stock have been traded on the Taiwan Stock Exchange since July 6, 2000. On July 9, 2002, the Ministry of Finance (MOF), the major shareholder of the Company, privatized the Company in accordance with rules of privatization of government-owned enterprises, effective on July 11, 2002. Evergreen International Corporation holds 35.13% equity interest in the Company and has the ability to control the Company. Evergreen International Corporation is the Company's parent company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on March 25, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, the Company shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Rules for the Preparation of Financial Reports by Insurance Institutions" effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendment to IFRS 7)	July 1, 2011

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Disclosures－Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, 'Joint arrangements'	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets(amendment to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the Company's assessment, the adoption of the 2013 version of IFRS has no significant impact on the financial statements of the Company, except the following:

A.IAS 19 (revised), 'Employee benefits'

The revised standard requires net interest expense or income, calculated by applying the discount rate to the net defined benefit liability (asset), replaces the finance charge and expected return on plan assets. Based on the Company's assessment, the adoption of the standard has no impact on its financial statements, and the Company will disclose additional information about defined benefit plans accordingly.

B.IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

C.IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. The standard also requires disclosures about fair value measurements. Based on the Company's assessment, the adoption of the standard has no impact on its financial statements, and the Company will disclose additional information about fair value measurements accordingly.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These financial statements are prepared by the Company in accordance with the "Rules for the Preparation of Financial Reports by Insurance Institutions" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A.The Company does not have a subsidiary, and the Company's financial statements are separate financial statements composed of balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows, and relevant notes.

B.Except for the following items, these financial statements have been prepared under the historical cost convention:

(a)Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b)Available-for-sale financial assets measured at fair value.

(c)Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(d)Various insurance liabilities, reinsurance reserve assets, and foreign exchange reserves recognized in accordance with specific statutory requirements and regulations relevant to insurance enterprises.

C.The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Taiwan Dollars ("NTD"), which is the Company's functional and presentation currency.

A.The Company uses New Taiwan Dollars as its functional currency. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates prevailing at the transaction date. The translation differences upon actual payment are recognized in current profit or loss.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the reporting date. Exchange differences arising upon re-translation at the reporting date are recognized in current profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. Except for aforementioned non-monetary assets denominated in foreign currencies held at fair value through profit or loss, foreign exchange gains or losses that arise from investing activities are recognized under net gain (loss) from investment in the statement of comprehensive income. Other foreign exchange gains or losses that do not arise from investing activities are recognized under other operating revenues or other operating costs.

(4) Cash equivalents

A. The statement of cash flows is prepared on the basis of cash and cash equivalents.

B. Cash equivalents refer to short-term, highly liquid investments that are:

(a) Readily convertible to known amount of cash; and

(b) Subject to an insignificant risk of changes in value.

C. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(5) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

D.Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss recognized in the statement of comprehensive income includes gain or loss arising from transactions, dividend and bonus, interest income, and evaluation at fair value on balance sheet date.

(6) Available-for-sale financial assets

A.Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B.On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C.Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. The cumulative gain or loss should be reclassified from equity to profit or loss when financial assets are derecognized.

D.The realized gain or loss on available-for-sale financial assets recognized in the statement of comprehensive income includes gain or loss arising from transactions as well as dividend and bonus except interest income.

(7) Bond investments without active market

A.Bond investments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

(a) Not designated on initial recognition as at fair value through profit or loss;

(b) Not designated on initial recognition as available-for-sale;

(c) Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

B.On a regular way purchase or sale basis, bond investments without active market are recognized and derecognized using trade date accounting.

C.Bond investments without active market are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

D.The realized gain (loss) on bond investments without active market recognized in the statement of comprehensive income includes gain or loss arising from transactions except interest income.

(8) Derivative financial instruments

A derivative financial instrument is initially recognized and subsequently measured at fair value. Any changes in the fair value are recognized in profit or loss.

The gain or loss relating to derivative financial instrument is recognized in the statement of comprehensive income within “gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss”.

(9) Impairment of financial assets

A. The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Company, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Investment property

A. An investment property is stated initially at its cost including related transaction costs; measured subsequently using the cost model and stated at cost less accumulated depreciation and accumulated impairment loss. Subsequent costs of major renewals and betterments are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

B. The Company probable uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions can be sold separately, the own-use portion is accounted for in accordance with IAS 16, "Property, plant and equipment". However, property held either to earn rental income or for capital appreciation or for both is subject to International Accounting Standard 40, "Investment property". If part of property cannot be individually sold, and owner-occupied property is insignificant, it is accounted for as investment property.

C. An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When assets are derecognized, the cost and the accumulated depreciation at the time of sale or retirement are written off. Gain or loss on sale of the investment property, rental income, and relevant payment shall be recognized in gain or loss on investment property under net gain from investment. Except for land, property is depreciated on a straight-line basis over its estimated useful life of 3 to 60 years. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

(11) Lease

The Company's lease contracts are all operating lease, where substantially all risks and rewards of ownership of the assets remain with the lessor. If the Company is a lessor, assets involved in operating lease are recognized under "investment property". If the Company is a lessee, leased assets will not be recognized in the balance sheet. Payments that the Company receives or charges under the operating lease are recognized as "gain or loss on investment property" and "operating expenses".

(12) Reinsurance contract assets

Reinsurance contract assets include due from reinsurers and ceding companies, ceded unearned premium reserve, ceded claims reserve, ceded premium deficiency reserve, ceded liability reserve and ceded liability adequacy reserve. Each of the reinsurance contract assets should be in compliance with relevant regulation and policy of "Regulation Governing Financial and Business Operations of Professional Reinsurance Enterprises" and "Rules for the Preparation of Financial Reports by Insurance Institutions".

(13) Impairment on reinsurance contract assets

Regular evaluation on reinsurance assets should be made to evaluate if there is any impairment. When there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the company may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the company will receive from the reinsurer, the company should reduce its carrying amount accordingly and recognize the provision for impairment loss or allowance for doubtful accounts.

(14) Property and equipment

A.Property and equipment are stated initially at its cost including related transaction costs, measured subsequently using the cost model and stated at cost less accumulated depreciation and accumulated impairment loss. Reserve for land revaluation increment tax set aside for revaluation over the current land value is recognized as deferred income tax liabilities. Subsequent costs of major renewals and betterments are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

B.Depreciation is computed using straight-line method over the estimated service lives as follows: buildings and equipment, 3 to 60 years; computer equipment, 3 to 6 years; transportation equipment, 3 to 10 years; and miscellaneous equipment, 3 to 10 years.

C. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

D. When an asset is retired or disposed, the cost plus revaluation increment, if any, and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to non-operating income and expenses during the financial period in which they are incurred.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized. Impairment loss and gain on reversal of impairment loss for investment property are recognized under operating revenue. Impairment loss and gain on reversal of impairment loss for property and equipment are recognized in non-operating income and expenses.

(16) Allowance for doubtful accounts

Accounts receivable, due from reinsurers and ceding companies under reinsurance contract assets, refundable deposits and funds held by other insurance companies under other assets, and other rights may be transferred to overdue accounts booked in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 4, "Insurance Contracts" and the "Guidelines for Handling Assessment of Assets, Loans Overdue, Delinquent Accounts Receivable on Demand by Insurance Enterprises", and the Company shall also recognize appropriate allowance for doubtful accounts with consideration of impairment losses and unrecoverable amounts.

(17) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(18) <u>Derecognition of financial assets and financial liabilities</u>

A.The Company derecognizes a financial asset when one of the following conditions is met:

(a)The contractual rights to receive the cash flows from the financial asset expire.

(b)The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(c)The contractual rights to receive cash flows from the financial asset have been transferred; however, the Company has not retained control of the financial asset.

B.A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires. Any difference between the book value of extinguished or transferred financial liabilities and the consideration paid is recognized in profit or loss.

(19) <u>Offsetting financial instruments</u>

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(20) <u>Classification of reinsurance contracts</u>

Classification of reinsurance contracts should be made in compliance with IFRS 4, “Insurance Contracts”.

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. A contract with no significant insurance risk being transferred is not classified as an insurance contract and is recognized by deposit accounting.

A contract that falls within the definition of insurance contract on the initial recognition will still be deemed as insurance contract before its maturity.

(21) <u>Basis of valuation of insurance liabilities</u>

The reserves related to Compulsory Automobile Liability Insurance are determined in accordance with “Regulations for Management of the Reserve of Compulsory Automobile Liability Insurance”.

The equalization reserve related to residential earthquake insurance is determined in accordance with “Regulations Governing Implementation of the Residential Earthquake Risk Spreading Mechanism”.

The reserve related to nuclear insurance is determined in accordance with “Regulations Governing the Setting Aside of Nuclear Insurance Liability Reserves”.

The reserves excluding the reserve listed above were determined in accordance with “Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises” and “Rules for the Preparation of Financial Reports by Insurance Institutions” to calculate unearned premium reserve, claims reserve, premium deficiency reserve, liability reserve, liability adequacy reserve and other reserve of inward reinsurance business.

According to “Directions for Strengthening Special Reserve by Reinsurance Enterprises”, “Directions for Strengthening Co-insurance Reserve of Residential Earthquake Insurance” and “Regulations for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises” dated December 28, 2012, subsequent equalization reserve recognized under liabilities by December 31, 2012 should still be recognized under liabilities. Starting from January 1, 2013, the additional provision for equalization reserve less income tax should be recognized as special reserve under equity after annual closing and should not be distributed without approval. The release of the equalization reserve shall be made through equalization reserve under liability reserves first. If such liability reserves are insufficient for release, then the deficiency shall be released through special reserves under equity based on its net amount after tax in accordance with IAS12.

Among the reserves above, except unearned premium reserve for long-term fire insurance which was calculated at a rate of 7.8% based on the coefficient table of unearned premium reserve for long-term fire insurance, the other reserves were not calculated by discounting.

(22) Liability adequacy test

When the estimated future cash flow of insurance contracts recognized as insurance liability at book value is insufficient, the entire deficiency is recognized in current loss in accordance with the requirement of the Actuarial Institution of Republic of China.

(23) Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B.Pensions

(a)Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plan

i.Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(24) Income tax

A. The income tax expense (benefit) for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Income tax (10%) on undistributed earnings is recorded as expense in the year when the stockholders approve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting period, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. Pursuant to Income Basic Tax Act, if the amount of regular income tax is equal to or more than the amount of basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas the amount of regular income tax is less than the amount of basic tax, the income tax payable shall be equal to the basic tax, and the related information is disclosed accordingly.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to common stock on the effective date of new shares issuance.

(26) Reinsurance revenues

Income from reinsurance business refers to various premiums earned from reinsurance operations, including those that meet the requirements in IFRS 4 and can be recognized as income. The Company's estimates for reinsurance premium income are assessed based on estimated premiums of reinsurance contracts, information provided by ceding companies, and historical trends. Reinsurance related revenues are recognized on the accrual basis.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

A. Financial assets-impairment of equity investments

The Company follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

B.Classification of reinsurance contracts and significant insurance risk transfer test

The Company assesses the insurance risk and other risks of the reinsurance policies issued. In addition, the Company makes significant judgement about whether the extent of the insurance risks that it assumes for the reinsurance policies issued are material. Test of whether insurance risk assumed is significant is then executed. The result of the judgement will affect the classification of reinsurance contracts, the revenue recognition, liability measurement and presentation of the financial statements.

(2) Critical accounting estimates and assumptions

A.Reinsurance premiums

The Company's estimates for reinsurance premiums are assessed according to the estimated premiums of reinsurance contracts, information provided by ceding companies, and historical trends. Any changes in the estimates will affect the Company's financial position and performance.

B.Claims reserve (under insurance liabilities)

According to the nature of risk insurance, claim development, market experience, judgement over claim approval and other factors, appropriate actuarial calculation is adopted to recognize claims reserve except statutory insurance.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash:		
Petty cash	$ 123	$ 114
Checking accounts	49,843	6,273
Demand deposits	3,441,690	3,309,830
Cash equivalents:		
Time deposits	14,939,254	14,357,670
	$ 18,430,910	$ 17,673,887

A.The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at reporting date is the carrying amount of all cash and cash equivalents.

B.The Company has no cash and cash equivalents pledged to others.

C.According to Regulations for Management of the Reserve of Compulsory Automobile Liability Insurance, the demand deposits and time deposits which the Company deposited in the financial institutions are as follows:

	December 31, 2014	December 31, 2013
Demand deposits	$ 1,130,258	$ 1,375,096
Time deposits	3,468,086	3,284,700
	$ 4,598,344	$ 4,659,796

D.Certain time deposits of the Company did not meet the definition of cash equivalents and are presented in other financial assets. Please refer to Note 6 (6) for details.

(2) Accounts receivable

	December 31, 2014	December 31, 2013
Notes receivable	$ 9,385	$ 1,591
Other receivables	390,516	182,286
Other receivables-overdue	-	-
Total	399,901	183,877
Less: allowance for bad debts	-	-
Net amount	$ 399,901	$ 183,877

A.The credit quality information of accounts receivable that are neither past due nor impaired was in the following categories based on the payment records:

	December 31, 2014	December 31, 2013
Good	$ 399,901	$ 183,651
Delayed previously	-	-
	$ 399,901	$ 183,651

Accounts receivable that are neither past due nor impaired are accounted for in accordance with the "Guidelines for Handling Assessment of Assets, Loans Overdue, Delinquent Accounts Receivable on Demand by Insurance Enterprises". The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B.The balances and ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2014	December 31, 2013
31 to 90 days	$ -	$ 23
91 to 180 days	-	87
181 to 270 days	-	64
Over 270 days	-	52
	$ -	$ 226

The Company does not have accounts receivable that were past due but not impaired at December 31, 2014.

(a)Ageing of accounts receivable above, notes receivable are classified by maturity date and other receivables are classified by the date for recognition except that repayment date shall be stipulated according to the contract.

(b)The overdue accounts receivable above indicate those that were due but not paid. Except for notes receivable that were overdue and transferred to overdue accounts, other receivables were transferred to overdue accounts in three months after they were due.

C.The Company does not have accounts receivable that were impaired.

D.The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of accounts receivable.

E.The Company does not hold any collateral as security.

(3) Financial assets at fair value through profit or loss

	December 31, 2014	December 31, 2013
Financial assets held for trading		
Listed (TSE and OTC) stocks	$ 323,464	$ 365,181
Foreign listed stocks	-	17,170
Domestic index funds	-	16,281
Foreign index funds	61,698	-
Non-hedging derivatives	6,747	14,353
	391,909	412,985
Valuation adjustment of financial assets held for trading	5,983	11,497
	397,892	424,482
Financial assets designated as at fair value through profit or loss on initial recognition		
Domestic convertible corporate bonds	2,500	-
Domestic mandatory convertible corporate bonds	500,000	500,000
	502,500	500,000
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	48,899	39,153
	551,399	539,153
	$ 949,291	$ 963,635

	December 31, 2014	December 31, 2013
Financial liabilities held for trading		
Non-hedging derivatives	$ 66,470	$ 11,785

A.The Company's loss or gain on financial asset or financial liability at fair value through profit or loss are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Financial instruments held for trading	($ 172,536)	($ 116,440)
Financial instruments designated as at fair value through profit or loss on initial recognition	25,256	66,551
	($ 147,280)	($ 49,889)

B.The credit rating levels of the counterparties of the Company's debt instrument investments are provided in Note 13 (1). The maximum exposure to credit risk at reporting date is the carrying amount of financial assets at fair value through profit or loss-debt instruments.

C.The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2014		December 31, 2013	
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
FX swap contracts	3,938,424	2014.07.31~ 2015.02.04	3,718,892	2013.01.22~ 2014.01.24
Forward foreign exchange contracts	313,567	2014.12.08~ 2015.01.15	176,845	2013.12.03~ 2014.02.07

Note: Contract amount is translated into thousands of New Taiwan dollars using the exchange rates prevailing at the end of the period.

(a)FX swap contracts

The Company entered into FX swap contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these FX swap contracts are not accounted for under hedge accounting.

(b)Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(c)Futures

The Company entered into futures contracts under the Taiwan Stock Index Futures. As of December 31, 2014 and 2013, all futures contracts were settled, and the related margins were $19,504 and $0, respectively.

D.The Company has no financial assets at fair value through profit or loss pledged to others.

E.The Company recognized domestic convertible corporate bonds and domestic mandatory convertible corporate bonds under “financial assets designated as at fair value through profit or loss on initial recognition”. As there is no significant change in credit ratings of related investments in the past and expected future, the impact of changes in fair value as a result of credit risk is deemed immaterial.

(4) Available-for-sale financial assets

	December 31, 2014	December 31, 2013
Domestic items:		
Listed (TSE and OTC) stocks	$ 1,629,963	$ 2,197,491
Listed (TSE and OTC) preferred stocks	14,232	14,517
REITs	671,699	697,706
Government bonds	925,876	931,953
Corporate bonds	299,980	299,960
Financial bonds	-	300,000
Open-end funds	5,000	-
Index funds	203,340	92,648
Foreign items:		
Listed stocks	798,963	557,108
Open-end funds	537,905	209,904
Hedge funds	58,108	443,430
Index funds	408,680	193,872
	5,553,746	5,938,589
Adjustment of available-for-sale financial assets	173,670	(90,749)
Less: statutory deposits	(875,255)	(881,014)
	$ 4,852,161	$ 4,966,826

A. The credit rating levels of the counterparties of the Company’s debt instrument investments are provided in Note 13 (1). The maximum exposure to credit risk at reporting date is the carrying amount of available-for-sale financial assets-debt instruments.

B. Under the Insurance Law of the Repulic of China, the Company is required to deposit an amount equal to 15% of its paid-up-capital. As of December 31, 2014 and 2013, the Company provided government bonds with par value of $850,000 as statutory deposit.

C. Changes in unrealized gain or loss on available-for-sale financial assets under other comprehensive income are as follows:

	2014	2013
At January 1	($ 67,737)	($ 652,206)
Recognizd directly in other comprehensive income	264,203	396,758
Deducted in equity adjustment and recognized in profit or loss	216	201,674
Income tax from loss (gain) on valuation of foreign available-for-sale financial assets	(32,417)	(13,963)
At December 31	$ 164,265	($ 67,737)

(5) Bond investments without active market

	December 31, 2014	December 31, 2013
Domestic items:		
Collateralized debt obligation	$ 228,446	$ 296,666
Corporate bonds	500,000	400,000
Foreign items:		
Collateralized mortgage obligation	870,390	835,970
Collateralized debt obligation	79,295	74,875
Corporate bonds	509,707	494,064
Financial bonds	1,024,776	1,162,687
	3,212,614	3,264,262
Less: accumulated impairment	(87,567)	(87,567)
	$ 3,125,047	$ 3,176,695

A.The Company recognized interest income of $91,806 and $74,600 for amortized cost in profit or loss for the years ended December 31, 2014 and 2013, respectively.

B.The credit rating levels of the counterparties of the Company's investments are provided in Note 13 (1). The maximum exposure to credit risk at reporting date is the carrying amount of bond investments without active market.

C.Accumulated impairment resulted from domestic and foreign investments, which were reorganized due to financial difficulty and changes in credit default rates leading to a decrease in future cash flows. Changes in analysis of accumulated impairment set aside by the Company is as follows:

	2014	2013
At January 1	($ 87,567)	($ 866,597)
Disposal	-	779,030
At December 31	($ 87,567)	($ 87,567)

D.As of December 31, 2014 and 2013, no bond investments without active market held by the Company were pledged to others.

(6) Other financial assets

	December 31, 2014	December 31, 2013
Time deposits	$ 524,296	$ 247,560

A.The Company associates with financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at reporting date is the carrying amount of all other financial assets.

B.The Company has no other financial assets pledged to others.

(7) Investment property

	Land		Building		Total
At January 1, 2014					
Cost	$ 411,606	$	82,708	$	494,314
Accumulated depreciation	-	(	34,744)	(	34,744)
	$ 411,606	$	47,964	$	459,570
2014					
At January 1	$ 411,606	$	47,964	$	459,570
Addition-from subsequent expenditure	-		2,113		2,113
Depreciation charge	-	(	2,656)	(	2,656)
At December 31	$ 411,606	$	47,421	$	459,027
At December 31, 2014					
Cost	$ 411,606	$	84,821	$	496,427
Accumulated depreciation	-	(	37,400)	(	37,400)
	$ 411,606	$	47,421	$	459,027

	Land		Building		Total
At January 1, 2013					
Cost	$ 411,606	$	80,755	$	492,361
Accumulated depreciation	-	(	32,304)	(	32,304)
	$ 411,606	$	48,451	$	460,057
2013					
At January 1	$ 411,606	$	48,451	$	460,057
Addition-from subsequent expenditure	-		1,953		1,953
Depreciation charge	-	(	2,440)	(	2,440)
At December 31	$ 411,606	$	47,964	$	459,570
At December 31, 2013					
Cost	$ 411,606	$	82,708	$	494,314
Accumulated depreciation	-	(	34,744)	(	34,744)
	$ 411,606	$	47,964	$	459,570

A.On the first adoption of the International Financial Reporting Standards endorsed by the FSC, the Company elected to use the revalued amount under R.O.C GAAP at the date of the revaluation as deemed cost of property and equipment. As of December 31, 2014 and 2013, the revaluation increments included in the cost above were $2,835.

B.Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Year ended December 31, 2014	Year ended December 31, 2013
Rental revenue from the lease of the investment property	$ 23,626	$ 24,536
Direct operating expenses arising from the investment property that generated rental income in the period	6,340	5,607

C.The Company leases investment properties to others under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the lessees enjoy preferential right to lease at the end of the lease period. The future aggregate lease payments receivable under leases contracted but not yet due are as follows:

	December 31, 2014	December 31, 2013
Due in one year	$ 18,186	$ 12,931
Due after one year through three years	11,828	1,460
	$ 30,014	$ 14,391

D.For the fair value of investment property held by the Company, the fair value is estimated by an accredited external independent appraiser under "Regulations on Real Estate Appraisal" using at least more than two valuation approaches like income approach, comparison approach and cost approach, based on observable active market price and the characteristics, location and condition of each asset. As of December 31, 2014 and 2013, the fair values of investment property are $1,227,586.

E.The above assets were not pledged to others as collateral.

(8) Reinsurance contract assets and insurance liabilities

A.Details of reinsurance contract assets are as follows:

	December 31, 2014	December 31, 2013
Due from reinsurers and ceding companies	$ 2,480,177	$ 2,535,795
Due from reinsurers and ceding companies-overdue	41,900	40,052
Reinsurance reserve assets		
Ceded unearned premium reserve	414,183	467,799
Ceded claims reserve	897,152	874,691
Ceded liability reserve	74,421	-
Ceded premium deficiency reserve	3,902	12,167
	3,911,735	3,930,504
Less: allowance for doubtful accounts	(52,143)	(53,130)
	$ 3,859,592	$ 3,877,374

(a)The credit quality information of reinsurance contract assets that are neither past due nor impaired is as follows, and the evaluation of credit rating was conducted according to the ultimate reinsurers:

	December 31, 2014	December 31, 2013
Group 1	$ 8,573	$ 7,844
Group 2	1,154,975	745,916
Group 3	1,443,751	1,810,298
Group 4	496,815	552,370
Group 5	155	62
Group 6	676,769	717,926
	$ 3,781,038	$ 3,834,416

Group 1: S&P AAA or equivalent.

Group 2: Over S&P AA- or equivalent.

Group 3: Over S&P A- or equivalent.

Group 4: Over S&P BBB- or equivalent.

Group 5: Under S&P BBB- or equivalent.

Group 6: Without rating.

Note: The object without rating are mostly Taiwan insurance companies.

(b)The balances and ageing analysis of reinsurance contract assets that were past due (including not impaired and impaired) are as follows:

	December 31, 2014	December 31, 2013
31 to 90 days	$ 67,060	$ 39,434
91 to 180 days	28,313	12,375
181 to 270 days	4,404	14,150
Over 270 days	30,920	30,129
	$ 130,697	$ 96,088

i.The ages of due from reinsurance and ceding companies, except for the estimated reinsurance receivables or payables on closing date, are classfied by its booking date.

ii.The overdue due from reinsurance and ceding companies above indicate those that were due but not paid and were transferred to overdue accounts in nine months after they were due.

(c)Movement analysis on the Company’s provision for impairment of reinsurance contract assets that were impaired is as follows:

	2014	2013
At January 1	$ 53,130	$ 53,223
Write-off of bad debts	(987)	(93)
At December 31	$ 52,143	$ 53,130

(d)The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of reinsurance contract assets.

(e)The Company does not hold any collateral as security.

B.Details of insurance liabilities are as follows:

	December 31, 2014	December 31, 2013
Unearned premium reserve	$ 5,081,509	$ 5,377,858
Claims reserve	14,211,559	12,295,022
Liability reserve	74,421	-
Equalization reserve	4,210,477	5,580,412
Premium deficiency reserve	86,494	129,338
	$ 23,664,460	$ 23,382,630

C.Movement of ceded unearned premium reserve and unearned premium reserve are as follows:

	2014	2013
Ceded unearned premium reserve		
At January 1	$ 467,799	$ 527,299
Provision	414,183	467,799
Recovery	(467,799)	(527,299)
At December 31	$ 414,183	$ 467,799

Unearned premium reserve	2014	2013
At January 1	$ 5,377,858	$ 5,292,840
Provision	5,081,509	5,377,858
Recovery	(5,377,858)	(5,292,840)
At December 31	$ 5,081,509	$ 5,377,858

D.Details and movement of ceded claims reserve and claims reserve are as follows:

	December 31, 2014	December 31, 2013
Ceded claims reserve		
Outstanding losses	$ 320,200	$ 351,416
Incurred but not reported losses	576,952	523,275
	$ 897,152	$ 874,691

	December 31, 2014	December 31, 2013
Claims reserve		
Outstanding losses	$ 4,528,018	$ 4,576,464
Incurred but not reported losses	9,683,541	7,718,558
	$ 14,211,559	$ 12,295,022

	2014	2013
Ceded claims reserve		
At January 1	$ 874,691	$ 926,896
Provision	897,152	874,691
Recovery	(874,691)	(926,896)
At December 31	$ 897,152	$ 874,691

	2014	2013
Claims reserve		
At January 1	$ 12,295,022	$ 11,782,295
Provision	14,211,559	12,295,022
Recovery	(12,295,022)	(11,782,295)
At December 31	$ 14,211,559	$ 12,295,022

E.Movement of ceded liability reserve and liability reserve are as follows:

	2014			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Ceded liability reserve				
At January 1	-			$ -
Provision	14,610			74,522
Recovery	(20)			(101)
At December 31	$ 14,590	CNY	5.101	$ 74,421

	2014			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Liability reserve				
At January 1	-			$ -
Provision	14,610			74,522
Recovery	(20)			(101)
At December 31	$ 14,590	CNY	5.101	$ 74,421

Note：The Company have underwritten the life reinsurance business with insurance period due after one year since 2014, and recognized ceded liability reserve and liability reserve in compliance with relevant regulation.

F.Equalization reserves

(a)Details of equalization reserves are as follows:

	December 31, 2014	December 31, 2013
Equalization reserve for statutory insurance	$ 1,629,399	$ 2,999,334
Reserve for fluctuation of risk	2,055,296	2,055,296
Reserve for extraordinary business losses	525,782	525,782
	$ 4,210,477	$ 5,580,412

(b)Movement of equalization reserves are as follows:

	2014	2013
At January 1	$ 5,580,412	$ 5,846,750
Provision	(1,369,935)	(266,338)
Recovery	-	-
At December 31	$ 4,210,477	$ 5,580,412

(c)According to Jin-Guan-Pao-Tsai Order No. 10102517491, "Directions for Strengthening Special Reserve by Reinsurance Enterprises", Jin-Guan-Pao-Chan Order No. 10102531541, "Directions for Strengthening Co-insurance Reserve of Residential Earthquake Insurance" and Jin-Guan-Pao-Tsai Order No. 10102517091, "Regulations for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises" dated December 28, 2012, the Company's accounts applicable or not applicable for the reserve for the years ended December 31, 2014 and 2013 are as follows:

	Year ended December 31, 2014			
	Net income	Earnings per share	Total liabilities	Total equity
Applicable amount	$ 870,874	$ 1.55	$ 24,552,251	$ 9,456,916
Not applicable amount	870,874	1.55	22,251,771	11,757,396
Effect	$ -	$ -	($ 2,300,480)	$ 2,300,480

	Year ended December 31, 2013			
	Net income	Earnings per share	Total liabilities	Total equity
Applicable amount	$ 732,090	$ 1.30	$ 23,903,684	$ 9,033,548
Not applicable amount	732,090	1.30	21,603,204	11,334,028
Effect	$ -	$ -	($ 2,300,480)	$ 2,300,480

G.Movement of ceded premium deficiency reserve and premium deficiency reserve are as follows:

	2014	2013
Ceded premium deficiency reserve		
At January 1	$ 12,167	$ 21,625
Provision	3,902	12,167
Recovery	(12,167)	(21,625)
At December 31	$ 3,902	$ 12,167

	2014	2013
Premium deficiency reserve		
At January 1	$ 129,338	$ 168,725
Provision	86,494	129,338
Recovery	(129,338)	(168,725)
At December 31	$ 86,494	$ 129,338

H.The Company's future cash flows of insurance liabilities (excluding equalization reserve) are as follows:

December 31, 2014	Due in one year or less	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 2,427,312	$ 1,239,322	$ 3,666,634
Claims reserve	8,000,328	4,084,759	12,085,087
Liability reserve	-	74,421	74,421
Premium deficiency reserve	57,259	29,235	86,494

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $3,541,347).

December 31, 2013	Due in one year or less	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 2,400,416	$ 1,542,448	$ 3,942,864
Claims reserve	7,001,428	4,498,946	11,500,374
Premium deficiency reserve	78,741	50,597	129,338

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $2,229,642).

(9) Reserves for unqualified reinsurance

A.Summary of unqualified reinsurance contracts are set forth as follows:

The Company entered into contracts with insurance companies and insurance brokers as follows. The scope of reinsurance is the same as the Company's insurance contracts.

Insurance companies / insurance brokers	Type of contract
WALSUN INSURANCE LTD.	Fire insurance, Marine cargo insurance, Inland marine insurance, Marine hull insurance, Fishing vessel insurance, Automobile insurance, Casualty insurance, Personal accident insurance and Engineering insurance
M.B. BODA REINSURANCE BROKERS PVT. LTD.	Fire insurance
INTERLINK INSURANCE & REINSURANCE BROKERS PVT. LTD.	Fire insurance, Marine cargo insurance and Marine hull insurance
J B BODA INSURANCE SERVICES (L) BHD	Fire insurance and Marine hull insurance
CATHAY INSURANCE (BERMUDA) CO., LTD.	Personal accident insurance
GENERALI HOLDING VIENNA AG	Fire insurance and Engineering insurance

B.The unqualified reinsurance premiums ceded was $0 for the years ended December 31, 2014 and 2013.

C.Reserve for unqualified reinsurance as of December 31, 2014 and 2013 were $1,584 and $2,537, respectively.

(10) Property and equipment

	Land		Building		Computer equipment		Transportation equipment		Miscellaneous equipment		Total
At January 1, 2014											
Cost	$	180,796	$	77,902	$	14,593	$	5,321	$	3,136	$ 281,748
Accumulated depreciation		-	(	59,308)	(	10,765)	(	5,321)	(	2,381)	(77,775)
	$	180,796	$	18,594	$	3,828	$	-	$	755	$ 203,973
2014											
At January 1	$	180,796	$	18,594	$	3,828	$	-	$	755	$ 203,973
Additions		-		9,668		4,205		1,940		376	16,189
Disposals-cost		-		-	(	3,937)	(	1,169)	(	58)	(5,164)
Disposals-accumulated depreciation		-		-		3,937		1,169		58	5,164
Depreciation charge		-	(	2,935)	(	1,986)	(	162)	(	307)	(5,390)
At December 31	$	180,796	$	25,327	$	6,047	$	1,778	$	824	$ 214,772
At December 31, 2014											
Cost	$	180,796	$	87,570	$	14,861	$	6,092	$	3,454	$ 292,773
Accumulated depreciation		-	(	62,243)	(	8,814)	(	4,314)	(	2,630)	(78,001)
	$	180,796	$	25,327	$	6,047	$	1,778	$	824	$ 214,772

	Land	Building	Computer equipment	Transportation equipment	Miscellaneous equipment	Prepayments for equipment	Total
At January 1, 2013							
Cost	$ 180,796	$ 77,339	$ 13,992	$ 5,321	$ 3,179	$ 253	$ 280,880
Accumulated depreciation	-	(57,147)	(8,732)	(5,303)	(2,565)	-	(73,747)
	$ 180,796	$ 20,192	$ 5,260	$ 18	$ 614	$ 253	$ 207,133
2013							
At January 1	$ 180,796	$ 20,192	$ 5,260	$ 18	$ 614	$ 253	$ 207,133
Additions	-	310	601	-	525	-	1,436
Disposals-cost	-	-	-	-	(568)	-	(568)
Disposals-accumulated depreciation	-	-	-	-	568	-	568
Reclassifications	-	253	-	-	-	(253)	-
Depreciation charge	-	(2,161)	(2,033)	(18)	(384)	-	(4,596)
At December 31	$ 180,796	$ 18,594	$ 3,828	$ -	$ 755	$ -	$ 203,973
At December 31, 2013							
Cost	$ 180,796	$ 77,902	$ 14,593	$ 5,321	$ 3,136	$ -	$ 281,748
Accumulated depreciation	-	(59,308)	(10,765)	(5,321)	(2,381)	-	(77,775)
	$ 180,796	$ 18,594	$ 3,828	$ -	$ 755	$ -	$ 203,973

A.On the first adoption of the International Financial Reporting Standards endorsed by the FSC, the Company elected to use the revalued amount under R.O.C GAAP at the date of the revaluation as deemed cost of property and equipment. As of December 31, 2014 and 2013, the revaluation increments included in the cost above were $165,277.

B.The above assets were not pledged to others as collateral.

(11) Accounts payable

	December 31, 2014	December 31, 2013
Due to reinsurers and ceding companies	$ 248,963	$ 253,119
Other payables	328,943	140,648
	$ 577,906	$ 393,767

(12) Employee benefits

A.Defined benefit obligation

(a)The Company has established a defined benefit pension plan in accordance with the Labor Standards Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 8% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b)The amounts recognized in the balance sheet are determined as follows:

	December 31, 2014	December 31, 2013
Present value of funded obligations	($ 70,187)	($ 59,010)
Fair value of plan assets	64,409	58,238
Net liability in the balance sheet	($ 5,778)	($ 772)

(c)Changes in present value of funded obligations are as follows:

	2014	2013
Present value of funded obligations		
At January 1	$ 59,010	$ 52,926
Current service cost	4,039	3,949
Interest cost	1,180	794
Actuarial loss	5,958	1,341
At December 31	$ 70,187	$ 59,010

(d)Changes in fair value of plan assets are as follows:

	2014	2013
Fair value of plan assets		
At January 1	$ 58,238	$ 52,962
Expected return on plan assets	1,165	927
Actuarial profit and (loss)	201	(234)
Employer contributions	4,805	4,583
At December 31	$ 64,409	$ 58,238

(e)Amounts of expenses recognized in statements of comprehensive income are as follows:

	2014	2013
Current service cost	$ 4,039	$ 3,949
Interest cost	1,180	794
Expected return on plan assets	(1,165)	(927)
Current pension costs	$ 4,054	$ 3,816

(f)Amounts of actuarial loss recognized under other comprehensive income are as follows:

	2014	2013
Recognition for current period	($ 5,757)	($ 1,575)
Accumulated amount	($ 8,686)	($ 2,929)

(g)The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilization Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilization by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

The actual return on the Company's plan assets for the years ended December 31, 2014 and 2013 were $1,366 and $693, respectively.

(h)The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	2.25%	2.00%
Future salary increases	3.00%	1.00%
Expected return on plan assets	2.25%	2.00%
Mortality	100% on 2011 Taiwan Standard Ordinary Experience Mortality Table (2011 TSO)	100% on 2011 Taiwan Standard Ordinary Experience Mortality Table (2011 TSO)
Disability rates	10% on 2011 Taiwan Standard Ordinary Experience Mortality Table (2011 TSO)	10% on 2011 Taiwan Standard Ordinary Experience Mortality Table (2011 TSO)

(i)Historical information of experience adjustments were as follows:

	2014	2013	2012
Present value of defined benefit obligation	($ 70,187)	($ 59,010)	($ 52,926)
Fair value of plan assets	64,409	58,238	52,962
Surplus/(deficit) in the plan	($ 5,778)	($ 772)	$ 36
Loss (gain) on experience adjustments on plan liabilities	$ 447	$ 2,548	($ 3,609)
Loss (gain) on experience adjustments on plan assets	($ 201)	$ 234	$ 387

(j)Expected contributions to the defined benefit pension plan of the Company within one year from December 31, 2014 is $4,804.

B.Defined contribution plan

(a)Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") in accordance with the Labor Pension Act. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance.

(b)The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2014 and 2013 were $5,956 and $5,610, respectively.

(13) Common stock

As of December 31, 2014, the Company's authorized capital was $6,000,000, and the paid-up-capital was $5,622,750, with a par value of $10 (in dollars) per share.

Movements in the number of the Company's common stock outstanding are as follows:

	2014	2013
At January 1	562,275,000	551,250,000
Capitalization of earnings	-	11,025,000
At December 31	562,275,000	562,275,000

(14) Capital reserve

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. However, according to Jin-Guan-Pao-Tzai Letter No. 10202501991, for the purpose of strengthening the solvency and operation, insurance companies having no deficit should submit relevant documents demonstrating the financial soundness and steady operation of their companies to FSC for approval before the stockholders' meeting if they propose to use legal reserve provided under Article 145-1 of Insurance Act and capital surplus to issue cash to shareholders in proportion to their share ownership in accordance with Article 241 of the R.O.C. Company Law.

(15) Retained earnings

A.Limitation on distribution of retained earnings and dividend policy

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 20% of the remaining amount shall be set aside as legal reserve. Recognize or reverse special reserve in accordance with regulations, and accumulated unappropriated earnings of the prior period. Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders. Bonus distributed to the employees should account from 0.5% to 5% of the total distributed amount and can either be in the form of cash or stock upon resolution of the stockholders, and remuneration paid to directors should account for 1% at most of the total distributed amount.

The Company's dividends are distributed in the form of cash dividends and stock dividends in a coordinated way, among which, the cash dividends shall account for at least 50% of the total dividends distributed. Employees' bonus may be distributed in the form of stocks or cash through a resolution in the stockholders' meeting.

Pursuant to the R.O.C. Company Law, legal reserve shall be set aside until the total amount reaches the total capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-up capital. In addition, instructions for those who need official approval to use legal reserve to issue cash in accordance with Jin-Guan-Pao-Tzai Letter No. 10202501991 are set out in Note 6(14).

Under the Integrated Income Tax System, ROC, tax credits allocated to stockholders are based on the balance of Imputation Credit Account (ICA) on the dividend distribution date.

B.Special reserve

	December 31, 2014	December 31, 2013
Equalization reserve	$ 850,157	$ 620,189
Unrealized revaluation increment	126,557	126,557
Net of deducted from other equity	-	519,716
	$ 976,714	$ 1,266,462

(a)According to regulations, the Company should set aside special reserve equal to the deducted amount of the equity from earnings after tax of the current year and the unappropriated earnings of the prior period. For the deducted amount from the equity accumulated from prior periods, an equal amount of special reserve should be set aside from unappropriated earnings of the prior period and is not to be distributed. If there is a reversal of deducted amount of equity, earnings may be distributed based on the reversal.

(b)For the years 2014 and 2013, the provision for equalization reserve amounting to $229,968 and $226,469, respectively, had been recognized as special reserve under equity upon annual resolution and is not available for distribution.

(c)The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa Order No. 1010012865, dated April 6, 2012 and Jin-Guan-Pao-Tzai Letter No. 10102508861, dated June 5, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

C. For the years ended December 31, 2014 and 2013, employees' bonus was accrued at $7,141 and $5,996, respectively; directors' remuneration was accrued at $2,878 and $3,100, respectively. The Company estimates employees' bonus based on a certain percentage of net income in accordance with the Company's Articles of Incorporation and previous years' experiences. The directors' remuneration is estimated based on prior years' remuneration per person in proportion to the directors' term of service. The difference between estimated amount and actual payment will be recognized in profit or loss of the following year. Employees' bonus and directors' remuneration for 2013 as resolved by the stockholders were in agreement with those amounts recognized in the 2013 financial statements.

Information about the appropriation of employees' bonus and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

D. On June 11, 2014, total dividends for the distribution of earnings for 2013 resolved by stockholders was $674,730 (cash dividend of $1.2 (in dollars) per share). On June 13, 2013, total dividends for the distribution of earnings for 2012 resolved by stockholders was $385,875 (stock dividend of $0.2 (in dollars) per share and cash dividend of $0.5 (in dollars) per share). On March 25, 2015, the Board of Directors proposed that total dividends for the distribution of earnings for 2014 was $674,730 (cash dividend of $1.2 (in dollars) per share).

Earnings appropriation for 2014 has not yet been resolved at the stockholders' meeting as of the reporting date. Detailed information on earnings appropriation proposed by the Board of Directors and resolved by the stockholders is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(16) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2014	Year ended December 31, 2013
Current income tax:		
Current income tax on profits for the period	$ 146,276	$ 8,923
Additional 10% tax on undistributed earnings	-	15,689
Adjustments in respect of prior years	(22,055)	1,341
Deferred income tax:		
Origination and reversal of temporary difference	5,916	186,757
Income tax expense	$ 130,137	$ 212,710

(b) The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Net change in unrealized gains on valuation of available-for-sale financial assets	$ 32,417	$ 13,963
Actuarial losses on defined benefit obligations	(979)	(268)
	$ 31,438	$ 13,695

B.Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2014	Year ended December 31, 2013
Tax calculated based on income before tax and statutory tax rate	$ 170,172	$ 160,616
Effects from items adjusted by tax regulation	(17,980)	35,064
Additional 10% tax on undistributed earnings	-	15,689
Adjustment in respect of prior years	(22,055)	1,341
Income tax expense	$ 130,137	$ 212,710

C.Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	2014			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences				
Unrealized loss on valuation of available-for-sale financial assets	$ 23,012	$ -	($ 23,012)	$ -
Bad debts provision	7,675	(184)	-	7,491
Unrealized tax effect from impairment loss on financial assets	14,886	-	-	14,886
Unrealized loss on valuation of financial assets	-	11,246	-	11,246
Employee benefit - pension costs	630	(128)	979	1,481
Employee benefit - unused compensated absences	1,222	97	-	1,319
	$ 47,425	$ 11,031	($ 22,033)	$ 36,423
Deferred income tax liabilities				
Temporary differences				
Unrealized gain on valuation of available-for-sale financial assets	$ -	$ -	$ 9,405	$ 9,405
Unrealized gain on valuation of financial assets	291	(291)	-	-
Land revaluation increment	41,555	-	-	41,555
Unrealized exchange gain	9,601	17,238	-	26,839
	$ 51,447	$ 16,947	$ 9,405	$ 77,799

	2013			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences				
Unrealized loss on valuation of available-for-sale financial assets	$ 36,975	$ -	($ 13,963)	$ 23,012
Bad debts provision	7,675	-	-	7,675
Unrealized tax effect from impairment loss on financial assets	147,321	(132,435)	-	14,886
Unrealized loss on valuation of financial assets	35,138	(35,138)	-	-
Employee benefit - pension costs	493	(131)	268	630
Employee benefit - unused compensated absences	1,172	50	-	1,222
Unrealized exchange loss	10,936	(10,936)	-	-
	$ 239,710	($ 178,590)	($ 13,695)	$ 47,425
Deferred income tax liabilities				
Temporary differences				
Unrealized gain on valuation of financial assets	$ -	$ 291	$ -	$ 291
Land revaluation increment	41,555	-	-	41,555
Unrealized exchange gain	-	9,601	-	9,601
Others	1,725	(1,725)	-	-
	$ 43,280	$ 8,167	$ -	$ 51,447

D. The Company's income tax returns through 2010 and 2012 have been assessed and approved by the Tax Authority.

E. Unappropriated retained earnings:

	December 31, 2014	December 31, 2013
Earnings generated in and after 1998	$ 1,118,951	$ 784,255

F. As of December 31, 2014 and 2013, the balance of the imputation tax credit account was $85,685 and $57,664, respectively. The creditable tax rate was 14.27% for 2013 and is estimated to be 7.66% for 2014.

(17) Employee benefits, depreciation and amortization

For the years ended December 31, 2014 and 2013, employee benefits, depreciation and amortization by function are as follows:

Function / Expense	Year ended December 31, 2014		Year ended December 31, 2013	
	Operating Costs	Operating Expenses	Operating Costs	Operating Expenses
Employee Benefit Expense	$ -	$ 199,339	$ -	$ 188,519
Salaries	-	168,152	-	159,661
Employees' insurance	-	11,462	-	10,815
Pension	-	10,010	-	9,426
Other employee benefit expenses (Note 1)	-	9,715	-	8,617
Depreciation (Note 2)	2,656	5,390	2,440	4,596
Amortization	-	1,350	-	1,296

The Company had 140 employees for the years ended December 31, 2014 and 2013.

Note 1: Other employee benefit expenses include employees' welfare and training expenses.

Note 2: The depreciation, which is classified as operating cost, is accounted for as deduction to gain or loss on investment property.

(18) Non-cash transaction

Investing activities with partial cash payments:

	Year ended December 31, 2014	Year ended December 31, 2013
Increase in investment	($ 12,149,636)	($ 10,651,703)
Decrease in investment	12,421,258	11,158,293
Add: ending balance of payable on investment	214,272	25,273
opening balance of receivable on investment	79,586	188,857
Less: opening balance of payable on investment	(25,273)	(446,643)
ending balance of receivable on investment	(287,929)	(79,586)
Net cash provided by investments	252,278	194,491
Cash received during the year	$ 252,278	$ 194,491

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and their relationship with the Company

Names of related parties	Relationship with the Company
Evergreen International Corporation	Parent company
Evergreen Insurance Company Limited	Associates
Evergreen International Engineering Corporation	Associates
Directors (executive and non-executive), general managers, vice general managers, etc.	Key management of the Company

(2) Significant related party transactions and balances

A.Due from (to) reinsurers and ceding companies (under reinsurance contract assets and accounts payable, respectively)

	December 31, 2014	December 31, 2013
Associates	$ 516	$ 240

B.Investment property

	December 31, 2014	December 31, 2013
Associates	$ -	$ 1,573

C.Property and equipment

	December 31, 2014	December 31, 2013
Associates	$ 8,500	$ -

D.Other payables (under accounts payable)

	December 31, 2014	December 31, 2013
Parent	$ 3,515	$ 3,707
Associate	44	11
	$ 3,559	$ 3,718

E.Operating revenues and operating costs

	Year ended December 31, 2014	Year ended December 31, 2013
Associates		
Gross premiums written	$ 13,363	$ 9,556
Reinsurance premiums ceded	253	(628)
Overriding commissions revenue	2	(1)
Reinsurance commission expenses	4,894	3,736
Reinsurance commission revenue	188	(25)
Reinsurance claims paid	73	660
Reinsurance claims recovery	322	980

The differences of prices and conditions between related parties and non-related parties were not significant.

F.Operating expenses

	Year ended December 31, 2014	Year ended December 31, 2013
Parent		
System service charge, fees paid to stock transfer agent and printing expenses, etc.	$ 18,490	$ 22,363
Associate		
Repair and maintenance expense, etc.	$ 249	$ 251

(3) Key management compensation

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and other short-term employee benefits	$ 28,090	$ 24,873
Post-employment benefits	658	647
	$ 28,748	$ 25,520

8. PLEDGED ASSETS

Please see Note 6 (4).

9. COMMITMENTS

As of December 31, 2014 and 2013, the Company's unused letters of credit issued were USD 1,410 thousand and USD 1,294 thousand, respectively.

10. SIGNIFICANT ACCIDENTAL LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

Earnings appropriation of the Company for 2014 was proposed by the Board of Directors on March 25, 2015. Please see Note 6 (15).

12. OTHERS

(1) Fair value estimation

A.The table below analyzes financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Company's financial assets and liabilities that are measured at fair value at December 31, 2014 and 2013:

December 31, 2014	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Listed (TSE and OTC) stocks	$ 335,880	$ -	$ -	$ 335,880
Index funds	55,265	-	-	55,265
Financial assets designated as at fair value through profit or loss on initial recognition				
Convertible corporate bonds	2,735	-	-	2,735
Mandatory convertible corporate bonds	-	-	548,664	548,664
Available-for-sale financial assets				
REITs	1,015,401	-	-	1,015,401
Corporate bonds	-	305,941	-	305,941
Index funds	748,642	-	-	748,642
Government bonds	-	933,144	-	933,144
Listed (TSE and OTC) stocks	2,079,872	-	-	2,079,872
Listed (TSE and OTC) preferred stocks	-	22,935	-	22,935
Open-end funds	553,824	-	-	553,824
Hedge funds	-	67,657	-	67,657
	$ 4,791,619	$ 1,329,677	$ 548,664	$ 6,669,960
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 2,073	$ -	$ 2,073
Forward foreign exchange contracts	-	4,674	-	4,674
Liabilities				
Financial liabilities at fair value through profit or loss				
FX swap contracts	-	(66,018)	-	(66,018)
Forward foreign exchange contracts	-	(452)	-	(452)
	$ -	($ 59,723)	$ -	($ 59,723)

December 31, 2013	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Listed (TSE and OTC) stocks	$ 392,519	$ -	$ -	$ 392,519
Index funds	17,610	-	-	17,610
Financial assets designated as at fair value through profit or loss on initial recognition				
Mandatory convertible corporate bonds	-	-	539,153	539,153
Available-for-sale financial assets				
REITs	1,120,867	-	-	1,120,867
Corporate bonds	-	310,796	-	310,796
Financial bonds	-	300,000	-	300,000
Index funds	256,299	-	-	256,299
Government bonds	-	939,672	-	939,672
Listed (TSE and OTC) stocks	2,291,027	-	-	2,291,027
Listed (TSE and OTC) preferred stocks	-	22,605	-	22,605
Open-end funds	204,630	-	-	204,630
Hedge funds	-	401,944	-	401,944
	$ 4,282,952	$ 1,975,017	$ 539,153	$ 6,797,122
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 11,064	$ -	$ 11,064
Forward foreign exchange contracts	-	3,289	-	3,289
Liabilities				
Financial liabilities at fair value through profit or loss				
FX swap contracts	-	(11,785)	-	(11,785)
	$ -	$ 2,568	$ -	$ 2,568

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market (if available) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

E. Specific valuation techniques used to value financial instruments include:

(a) Quoted market prices or dealer quotes for similar instruments.

(b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

(c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

F.The following table presents the changes in level 3 instruments for the years ended December 31, 2014 and 2013:

	2014							
		Gain or loss on valuation		Acquired in the period		Disposed of in the period		
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Buy or issuance	Transfers into level 3	Sell, disposal or settle	Transfers out from level 3	Ending balance
Financial assets at fair value through profit or loss								
Financial assets designated as at fair value through profit or loss on initial recognition	$ 539,153	$ 9,511	$ -	$ -	$ -	$ -	$ -	$ 548,664

	2013							
		Gain or loss on valuation		Acquired in the period		Disposed of in the period		
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Buy or issuance	Transfers into level 3	Sell, disposal or settle	Transfers out from level 3	Ending balance
Financial assets at fair value through profit or loss								
Financial assets designated as at fair value through profit or loss on initial recognition	$ 537,460	$ 1,693	$ -	$ -	$ -	$ -	$ -	$ 539,153

Gain or loss on valuation recognized in profit or loss arising from the assets held for the years ended December 31, 2014 and 2013 was $9,511 and $1,693, respectively.

G.The fair value measurement that the Company made onto the financial instruments is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input of financial instrument classified in Level 3 such as market interest rates increase or decrease by 50 basis points, the effects on profit and loss in the period are as follows:

	December 31, 2014		December 31, 2013	
	Change in fair value recognized in profit and loss		Change in fair value recognized in profit and loss	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through profit or loss				
Financial assets designated as at fair value through profit or loss on initial recognition	$ 4,243	($ 3,891)	$ 5,271	($ 3,816)

H.Fair value of the financial instruments not measured at fair value

	December 31, 2014		December 31, 2013	
Financial assets	Book value	Fair value	Book value	Fair value
Non-derivative financial instruments				
Assets				
Bond investments without active market	$ 3,125,047	$ 3,132,345	$ 3,176,695	$ 3,184,614

The following are the methods and assumptions used by the Company to estimate fair value of financial instruments:

(a)If the quoted market price of bond investments without active market is available in an active market, the quoted price is the fair value. If there is no quoted market price in an active market, quotation provided by brokers or custody institutions is used to determine the fair value.

(b)Aside from bond investments without active markets, the book values of other financial instruments not measured at fair value are approximate to their fair values.

(2) Assets and liabilities recoverable or payable within or over 12 months from the reporting date are as follows:

	December 31, 2014			December 31, 2013		
Assets	Book value	Within 12 months	Over 12 months	Book value	Within 12 months	Over 12 months
Cash and cash equivalents	$ 18,430,910	$ 18,430,910	$ -	$ 17,673,887	$ 17,673,887	$ -
Accounts receivable	399,901	399,901	-	183,877	183,877	-
Current income tax assets	133,340	133,340	-	111,284	111,284	-
Financial assets at fair value through profit or loss	949,291	397,892	551,399	963,635	424,482	539,153
Available-for-sale financial assets	4,852,161	4,794,272	57,889	4,966,826	4,597,372	369,454
Bond investments without active market	3,125,047	358,599	2,766,448	3,176,695	176,715	2,999,980
Other financial assets	524,296	524,296	-	247,560	247,560	-
Investment property	459,027	-	459,027	459,570	-	459,570
Reinsurance contract assets	3,859,592	2,962,440	897,152	3,877,374	3,002,683	874,691
Property and equipment	214,772	-	214,772	203,973	-	203,973
Intangible assets	1,531	-	1,531	2,142	-	2,142
Other assets	1,022,876	28,005	994,871	1,022,984	14,598	1,008,386
Liabilities						
Accounts payable	$ 577,906	$ 577,906	$ -	$ 393,767	$ 393,245	$ 522
Current income tax liabilities	115,627	115,627	-	25,040	25,040	-
Financial liabilities at fair value through profit or loss	66,470	66,470	-	11,785	11,785	-
Insurance liabilities	23,664,460	14,026,246	9,638,214	23,382,630	11,710,227	11,672,403
Provisions	5,778	-	5,778	772	-	772
Other liabilities	44,211	41,390	2,821	38,243	37,477	766

(3) Calculation of retention earned premiums are shown below:

	Year ended December 31, 2014				
Category of insurance	Reinsurance premiums (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net changes in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 14,063,656	$ 1,085,426	$ 12,978,230	($ 222,416)	$ 13,200,646
Compulsory insurance	2,286,212	-	2,286,212	(20,317)	2,306,529
	$ 16,349,868	$ 1,085,426	$ 15,264,442	($ 242,733)	$ 15,507,175

	Year ended December 31, 2013				
Category of insurance	Reinsurance premiums (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net changes in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 13,378,562	$ 908,808	$ 12,469,754	$ 125,332	$ 12,344,422
Compulsory insurance	2,271,131	-	2,271,131	19,186	2,251,945
	$ 15,649,693	$ 908,808	$ 14,740,885	$ 144,518	$ 14,596,367

(4) Calculation of retention reinsurance claims paid are shown below:

Category of insurance	Year ended December 31, 2014 Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 7,671,941	$ 420,859	$ 7,251,082
Compulsory insurance	2,382,699	-	2,382,699
	$ 10,054,640	$ 420,859	$ 9,633,781

Category of insurance	Year ended December 31, 2013 Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 6,809,101	$ 471,486	$ 6,337,615
Compulsory insurance	2,548,046	-	2,548,046
	$ 9,357,147	$ 471,486	$ 8,885,661

(5) Details of balance, provision and recovery of each reserve for compulsory automobile liability insurance are as follows:

	2014 Beginning balance	Provision	Recovery	Ending balance
Unearned premium reserve	$ 1,433,930	$ 1,413,613	($ 1,433,930)	$ 1,413,613
Claims reserve	794,625	2,126,449	(794,625)	2,126,449
Equalization reserve	2,808,749	(1,369,935)	-	1,438,814
	$ 5,037,304	$ 2,170,127	($ 2,228,555)	$ 4,978,876

	2014 Beginning balance	Provision	Recovery	Ending balance
Unearned premium reserve	$ 1,414,744	$ 1,433,930	($ 1,414,744)	$ 1,433,930
Claims reserve	782,721	794,625	(782,721)	794,625
Equalization reserve	3,075,087	(266,338)	-	2,808,749
	$ 5,272,552	$ 1,962,217	($ 2,197,465)	$ 5,037,304

Pursuant to Article 3 of the “Regulations for Management of the Reserve for Compulsory Automobile Liability Insurance”, prior to amending legislation on December 31, 2013, the company shall set aside an amount equal to 1% of earned pure premium over the last 12 months as claims reserve for incurred but not reported losses. Effective January 1, 2014, claims reserve for incurred but not reported losses are set aside based on past claim experience and expense using the loss development triangle method, of that amount, 60% and 45% of earned pure premium for reinsurance assumed shall be set aside as claims reserve for incurred but not reported losses of automobile and motor reinsurance assumed under compulsory automobile liability insurance, respectively. The fixed percentage referred to in the preceding paragraph shall be calculated by the professional institution entrusted by the competent authority in accordance with the formulation of premium rates under the Act and the past claim experience and expense of the overall industry using the loss development triangle method. The fixed percentage should then be submitted to the competent authority for approval prior to public announcement.

(6) Balance sheets for compulsory automobile liability insurance are as follows:

	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	$ 4,598,344	$ 4,659,796
Due from reinsurers and ceding companies	380,532	377,508
	$ 4,978,876	$ 5,037,304
Liabilities		
Unearned premium reserve	$ 1,413,613	$ 1,433,930
Claims reserve	2,126,449	794,625
Equalization reserve	1,438,814	2,808,749
	$ 4,978,876	$ 5,037,304

(7) Details of revenues and costs for compulsory automobile liability insurance are as follows:

	2014	2013
Operating revenues		
Reinsurance premiums	$ 2,286,212	$ 2,271,131
Net change in unearned premium reserve	20,317	(19,186)
Retention earned premiums	2,306,529	2,251,945
Interest income	38,059	41,667
	$ 2,344,588	$ 2,293,612
Operating costs		
Reinsurance claims paid	$ 2,382,699	$ 2,548,046
Net change in claims reserve	1,331,824	11,904
Net change in equalization reserve	(1,369,935)	(266,338)
	$ 2,344,588	$ 2,293,612

13. RISK MANAGEMENT

The Company has established risk management policy and procedure being the highest directive of promoting enterprise risk management, to efficiently identify, assess, respond and monitor all the risks assumed and to ensure that all risks are within the limitations as planned. Reasonable consideration relationship between risk and reward has been taken into account to maximize the value of equity, maintain the capital adequacy and solvency capability and strengthen the long-term operations of business. The Company has also set up risk management committee which is in charge of executing risk management decisions made by the Board of Directors, as well as independent risk management unit which is responsible for executive affairs in daily monitoring, assessment and evaluation of risks.

With regard to the overall risk management of various circumstances, the Company implemented “Risk Managing Mechanism” covering market, credit, liquidity, operation, insurance, asset and liability, emerging market and other risks. In addition, in order to better improve the strategic risk management efficiency, risk quantitative module, finance of risk variance are put to use to analyze various businesses and calculate Value at Risk (VaR) and Risk-adjusted Return of Capital (RAROC). In addition, the Company sets up risk capacity and risk bearing as the basis for risk management, and promoting the computerization of various risk modules to continually strengthen the efficiency of risk management at the same time.

(1) Financial instruments

A.Financial risk management policies

Except for derivatives held by the Company, the Company's financial instruments mainly comprise cash and cash equivalents, and all kinds of investments. The Company utilizes those instruments to achieve adjustments to operating cash flows. The Company holds other financial assets and liabilities as well, such as notes receivable from operating activities, due from (to) reinsurers and ceding companies, reinsurance receivables (payables), other accounts receivable, and other accounts payable.

The Company undertakes derivative financial instruments such as futures, forward foreign exchange contracts and FX swap contracts to hedge fair value risk arising from fluctuations in stock prices and exchange rates.

B.Significant financial risks and degrees of financial risks

(a)Market risk

i.Foreign exchange risk

To hedge cash flow fair value risk arising from fluctuations in exchange rates, the Company undertakes derivative financial instruments such as FX swap contracts and forward foreign exchange contracts to hedge recognized assets and liabilities denominated in foreign currencies.
The Company estimates that the conditions of the hedge instruments and the hedged items are the same, thus maximizing the hedging effectiveness.

a) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2014		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
AUD	525	25.977	$ 13,634
CNY	481,829	5.101	2,457,650
EUR	747	38.560	28,814
HKD	79,299	4.090	324,323
IDR	5,632,881	0.003	14,403
INR	50,474	0.502	25,335
JPY	946,279	0.265	250,849
KRW	4,234,241	0.029	123,102
USD	72,708	31.718	2,306,152
Non-monetary items			
CAD	2,624	27.348	71,759
EUR	827	38.560	31,887
HKD	268,341	4.090	1,097,486
JPY	200,280	0.265	53,092
USD	20,809	31.718	660,020
Financial liabilities			
Monetary items			
CNY	47,311	5.101	241,316
DKK	2,864	5.178	14,832
EUR	1,909	38.560	73,613
GBP	344	49.369	16,976
HKD	39,219	4.090	160,403
IDR	22,777,029	0.003	58,239
INR	203,754	0.502	102,274
JPY	911,115	0.265	241,527
KRW	9,248,345	0.029	268,876
MYR	2,762	9.067	25,042
SGD	2,801	23.987	67,179
THB	13,056	0.964	12,587
USD	21,685	31.718	687,803

	December 31, 2013			
	Foreign currency amount (in thousands)	Exchange rate		Book value (NTD)
Financial assets				
Monetary items				
CNY	457,586	4.947	$	2,263,482
EUR	1,094	41.274		45,170
HKD	104,811	3.863		404,851
IDR	5,913,798	0.002		14,550
INR	63,888	0.484		30,942
JPY	470,042	0.285		134,048
KRW	5,084,048	0.029		145,044
USD	85,011	29.950		2,546,090
Non-monetary items				
CAD	2,429	28.133		68,337
HKD	93,190	3.863		359,962
JPY	668,629	0.285		190,682
USD	22,238	29.950		666,026
Financial liabilities				
Monetary items				
CNY	45,409	4.947		224,619
EUR	2,112	41.274		87,153
GBP	317	49.537		15,696
IDR	18,841,732	0.002		46,358
INR	160,801	0.484		77,878
JPY	1,182,320	0.285		337,178
KRW	9,441,170	0.029		269,349
MYR	1,554	9.135		14,195
PHP	14,585	0.675		9,840
SGD	3,246	23.672		76,851
THB	91,434	0.913		83,489
USD	23,317	29.950		698,342

b) Sensitivity analysis of foreign exchange risk listed in the table below is performed for reasonably possible changes in foreign exchange rates with other conditions held constant for monetary financial assets, showing the effect on profit or loss before tax.

	2014	2013
Foreign currencies to NTD appreciate by 5%	$ 178,754	$ 182,164
Foreign currencies to NTD depreciate by 5%	(178,754)	(182,164)

ii. Price risk

a) The values of financial instruments may be changed by economic situations, industrial circumstances, market capital flows and government monetary policies. To hedge market value risk exposures, the Company adopts diversified assets allocation strategy taking into account the current trends of financial markets to flexibly adjust assets portfolio under the provisions of Article 146 (1) ~ (8) of the Insurance Act, regulating the limits of funds utilization ratios and accordingly, disperse the market value risk.

b) The Company adopts the FX swap contracts and forward foreign exchange contracts to hedge exchange rate fluctuations risk on foreign-currency denominated assets. As the gain (loss) arising from exchange rate changes will mostly offset against the loss (gain) on hedged objectives, the Company estimates no material market value risk would arise. The Company is exposed to price risk because of investments in Taiwan Stock Index Futures, which have fair value in the active market. The Company sets limits to control the transaction volume and stop-loss amount of derivatives to reduce its market risk.

c) The Company's investments comprise equity securities and REITs, etc. Their fair value would change due to the change of the prices of equity securities. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, pre-tax profit for the years ended December 31, 2014 and 2013 would have increased/decreased by $3,911 and $4,101, respectively, as a result of gains on equity securities classified as at fair value through profit or loss. Other components of other comprehensive income would have increased/decreased by $44,883 and $42,974, respectively, as a result of gains on equity securities classified as available-for-sale.

iii. Interest rate risk

Sensitivity analysis of interest rate risk listed in the table below is performed for reasonably possible changes in interest rate with other conditions held constant, showing the effect on profit or loss before tax and other comprehensive income before tax. Measurement of interest rate risk only takes into consideration the duration but convexity. Relevant effects may differ from the actual values, but the differences are not significant.

	December 31, 2014		
	Changes in variables	Changes in in profit or loss before tax	Changes in other comprehensive income before tax
Financial assets at fair value through profit or loss	Increase/decrease 50 basis points	Decrease $3,903/Increase $4,254	-
Available-for-sale financial assets	Increase/decrease 50 basis points	-	Decrease $17,142/Increase $17,142
Bond investments without active market	Increase/decrease 50 basis points	Increase $198/Decrease $198	-

	December 31, 2013		
	Changes in variables	Changes in in profit or loss before tax	Changes in other comprehensive income before tax
Financial assets at fair value through profit or loss	Increase/decrease 50 basis points	Decrease $3,816/Increase $5,271	-
Available-for-sale financial assets	Increase/decrease 50 basis points	Increase $375/Decrease $375	Decrease $22,990/Increase $22,990
Bond investments without active market	Increase/decrease 50 basis points	Increase $187/Decrease $187	-

(b) Credit risk

i. When investing in financial instruments, the Company will encounter the risks that the transaction counterparties may default on contracts and the custodians may incur operating difficulties. The Company utilizes funds and makes investments in accordance with the Article 146 of Insurance Act and relevant laws, and conducts transactions only with counterparties with good credit ratings, or ensures that financial instruments are issued or guaranteed by reputable financial institutions, or acquires adequate collaterals. The Insurance Act also puts a limit to the transaction amount on an individual counterparty. Accordingly, the maximum loss to the Company is the total amount of all book value.

ii. The Company utilizes funds and makes investments in financial instruments except for short-term notes and bills, time deposits, demand deposits and cash equivalents in accordance with the Article 146 of Insurance Act and related laws, and sets limits to control the investment volume with an individual institution. Therefore, the Company has lower significant concentrations of credit risk. As for the management of credit risk of debt instruments, the Company identifies the credit risk by its rating provided by external institutions, credit quality, conditions of locations and risk of counterparties. For credit ratings of counterparties, the Company strictly complies with the Article 146 of Insurance Act, the relevant legal interpretations and the Company’s internal regulations on risk control. The counterparties of bond investments are those financial institutions and companies with a certain degree of credit rating.

iii. The Company undertakes FX swap contracts and forward foreign exchange contracts only with high-credit-quality financial institutions. If the counterparties of Taiwan Stock Index Futures default, the futures brokers will be liable for the losses incurred on the default. Accordingly, the Company estimates no material credit risk would arise.

iv.The credit quality information of financial instruments is as follows:

Financial instruments	Assets are neither past due nor impaired — Credit rating: S&P AAA or equivalent	Over S&P AA- or equivalent	Over S&P A- or equivalent	Over S&P BBB- or equivalent	Over S&P BB- or equivalent	Without rating (Note)	Impaired assets	Impairment reserve	Total
December 31, 2014									
Financial assets at fair value through profit or loss	$ -	$ -	$ -	$ -	$ 548,664	$ 2,735	$ -	$ -	$ 551,399
Available-for-sale financial assets	-	933,144	-	305,941	-	-	-	-	1,239,085
Bond investments without active market	949,685	419,403	1,101,286	254,673	400,000	-	87,567	(87,567)	3,125,047
	$ 949,685	$ 1,352,547	$ 1,101,286	$ 560,614	$ 948,664	$ 2,735	$ 87,567	($ 87,567)	$4,915,531
December 31, 2013									
Financial assets at fair value through profit or loss	$ -	$ -	$ -	$ -	$ 539,153	$ -	$ -	$ -	$ 539,153
Available-for-sale financial assets	-	939,672	300,000	310,796	-	-	-	-	1,550,468
Bond investments without active market	910,845	382,230	1,236,885	246,735	400,000	-	87,567	(87,567)	3,176,695
	$ 910,845	$ 1,321,902	$ 1,536,885	$ 557,531	$ 939,153	$ -	$ 87,567	($ 87,567)	$5,266,316

Note: Domestic convertible corporate bonds.

(c)Liquidity risk

i. The Company uses time deposits to adequately adjust its cash flows. When conducting investment evaluation, the Company will take into account the liquidity of financial instruments in secondary markets and may allocate some funds to lower-liquidity but higher-yield-rate financial instruments on condition that the risk is controlled. Even if those financial instruments are sold in the short-term, there is a less likelihood that liquidity risk would arise due to the selling price being significantly lower than the fair value. However, those financial instruments are not intended to be sold in the short-term.

ii. The notional principal of FX swap contracts and forward foreign exchange contracts is normally used as a calculation basis of receivables and payables for these transactions, and is not the actual settlement amount. The actual settlement amount is usually lower than the notional principal. The Company has paid margins in advance before undertaking Taiwan Stock Index Futures transactions, and daily evaluates the unsettled futures positions. In case when additional margins have to be paid later on, the Company has sufficient working capital to fulfill its payment obligations. Accordingly, the Company estimates no material cash flow risk would arise.

iii. The table below analyzes the Company's non-derivative financial liabilities and net-settled derivative financial instruments into groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

a)Non-derivative financial liabilities

December 31, 2014	Due in one year or less	Due after one year through three years	Total
Accounts payable	$ 577,906	$ -	$ 577,906
Deposits-in (under other liabilities)	2,046	2,821	4,867

December 31, 2013	Due in one year or less	Due after one year through three years	Total
Accounts payable	$ 393,245	$ 522	$ 393,767
Deposits-in (under other liabilities)	4,192	766	4,958

b)Net-settled derivative financial instruments

December 31, 2014	Due in three months or less	Due after three months through one year	Total
FX swap contracts	($ 63,945)	$ -	($ 63,945)
Forward foreign exchange contract	4,222	-	4,222

December 31, 2013	Due in three months or less	Due after three months through one year	Total
FX swap contracts	($ 721)	$ -	($ 721)
Forward foreign exchange contract	3,289	-	3,289

(2) Risk management of insurance contracts

After assessing the insurance contracts assumed by the Company, all insurance risk are transferred. Risk management and procedures are summarized below:

A.Measurement and management of insurance risk:

Insurance risk occurs when loss frequency, severity, timing and other possible risk factors are far from past experience. For example, natural and man-made catastrophes risk may occur randomly and thus actual claims may be more than expected.

The Company follows underwriting and risk management related guidelines to assume reinsurance business. The Company's internal quantitative model, external monitoring model, internal control system and other related systems are developed to ensure insurance risks are efficiently identified, measured, steered and monitored.

(a)Underwriting policy

The reinsurance portfolio of the Company consists of various types of reinsurance and businesses from different countries and territories. The insurance types include life insurance, property and casualty insurance and others which are in compliance with regulatory requirement. The Company's core markets are in Asia.

(b)Retrocession strategy

In consideration of financial strength, capacity and the operation strategies, the Company arranges retrocession to increase the capacity, diversify risks, mitigate retained risk and increase business competitiveness. Furthermore, the Company has purchased catastrophe cover to minimize the exposure to catastrophe loss which may greatly impact the Company’s financial performance. Stringent evaluation of the reputation and credit rating of the reinsurer is taken into account when the Company arranges a retrocession contract.

Although the Company adopts various prescribed methods to control insurance risk, given the random and unpredictable nature of insured incidents, deviation may occur between the actual result and the expectation derived from historical experience.

B.Concentration of insurance risk

Premium income and retention premium income ratio based on the business type for 2014 and 2013 are as follows:

Year / Type	2014		2013	
	Reinsurance premiums	Retention premiums	Reinsurance premiums	Retention premiums
Domestic inward property reinsurance business	51.51%	50.72%	51.89%	50.63%
Domestic inward life reinsurance business	39.59%	40.30%	37.47%	38.72%
Subtotal-Domestic inward reinsurance business	91.10%	91.02%	89.36%	89.35%
Foreign inward reinsurance business	8.90%	8.98%	10.64%	10.65%
Total	100.00%	100.00%	100.00%	100.00%

C.Sensitivity analysis of insurance risk

The retention earned premium income of the Company (excluding the compulsory automobile liability insurance business) for the years ended December 31, 2014 and 2013 were $13,200,646 and $12,344,422, respectively. If the change of combined ratio of the Company is 1%, the estimated effect on gains and losses of underwriting for the years ended December 31, 2014 and 2013 were approximately $132,006 and $123,444, respectively.

D.Loss development pattern

(a)As of December 31, 2014, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2010	2011	2012	2013	2014	Total
Non-statutory insurance						
Accumulated estimated claim amount						
At the end of the year	$ 3,248,664	$ 4,764,133	$ 4,333,245	$ 5,222,485	$ 4,482,819	
After the first year	7,946,701	8,406,636	7,341,226	9,666,215		
After the second year	7,717,952	7,872,830	7,077,263			
After the third year	7,409,328	7,621,219				
After the fourth year	7,351,080					
Accumulated estimated claim amount	7,351,080	7,621,219	7,077,263	9,666,215	4,482,819	$ 36,198,596
Accumulated claim payment	(6,704,010)	(6,656,024)	(5,528,284)	(6,256,763)	(1,071,774)	(26,216,855)
Accumulated unpaid claim	647,070	965,195	1,548,979	3,409,452	3,411,045	9,981,741
Add: accumulated unpaid claim before 2009						2,103,346
Subtotal						12,085,087
Provision for statutory insurance claims reserve (Note) and life reinsurance claims reserve due after one year	(50)	24,714	210,139	1,011,920	879,748	2,126,471
Add：provision for statutory insurance claims reserve before 2009						1
Subtotal						2,126,472
Recognition in balance sheet (under claims reserve of insurance liabilities)						$ 14,211,559

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(b)As of December 31, 2014, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2010	2011	2012	2013	2014	Total
Non-statutory insurance						
Accumulated estimated claim amount						
At the end of the year	$ 3,003,431	$ 4,455,722	$ 4,062,535	$ 4,924,699	$ 4,218,773	
After the first year	7,292,393	7,768,781	6,797,370	9,076,191		
After the second year	7,085,938	7,312,008	6,596,777			
After the third year	6,812,135	7,078,121				
After the fourth year	6,761,218					
Accumulated estimated claim amount	6,761,218	7,078,121	6,596,777	9,076,191	4,218,773	$ 33,731,080
Accumulated claim payment	(6,147,215)	(6,159,692)	(5,140,315)	(5,952,907)	(1,048,971)	(24,449,100)
Accumulated unpaid claim	614,003	918,429	1,456,462	3,123,284	3,169,802	9,281,980
Add: accumulated unpaid claim before 2009						1,905,955
Subtotal						11,187,935
Provision for statutory insurance claims reserve (Note) and life reinsurance claims reserve due after one year	(50)	24,714	210,139	1,011,920	879,748	2,126,471
Add：provision for statutory insurance claims reserve before 2009						1
Subtotal						2,126,472
Recognition in balance sheet						$ 13,314,407

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(c)As of December 31, 2013, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2009	2010	2011	2012	2013	Total
Non-statutory insurance						
Accumulated estimated claim amount						
At the end of the year	$ 3,250,772	$ 3,248,664	$ 4,764,133	$ 4,333,245	$ 5,222,485	
After the first year	7,020,137	7,946,701	8,406,636	7,341,226		
After the second year	6,823,086	7,717,952	7,872,830			
After the third year	6,681,568	7,409,328				
After the fourth year	6,574,057					
Accumulated estimated claim amount	6,574,057	7,409,328	7,872,830	7,341,226	5,222,485	$ 34,419,926
Accumulated claim payment	(5,925,410)	(6,546,155)	(6,326,833)	(4,470,756)	(1,295,666)	(24,564,820)
Accumulated unpaid claim	648,647	863,173	1,545,997	2,870,470	3,926,819	9,855,106
Add: accumulated unpaid claim before 2008						1,645,268
Subtotal						11,500,374
Provision for statutory insurance claims reserve (Note)	(1)	18,647	110,583	366,028	299,391	794,648
Recognition in balance sheet (under claims reserve of insurance liabilities)						$ 12,295,022

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(d)As of December 31, 2013, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2009	2010	2011	2012	2013	Total
Non-statutory insurance						
Accumulated estimated claim amount						
At the end of the year	$ 2,788,623	$ 3,003,431	$ 4,455,722	$ 4,062,535	$ 4,924,699	
After the first year	6,268,228	7,292,393	7,768,781	6,797,370		
After the second year	6,088,240	7,085,938	7,312,008			
After the third year	5,970,669	6,812,135				
After the fourth year	5,870,459					
Accumulated estimated claim amount	5,870,459	6,812,135	7,312,008	6,797,370	4,924,699	$ 31,716,671
Accumulated claim payment	(5,264,857)	(5,997,755)	(5,856,797)	(4,172,888)	(1,266,253)	(22,558,550)
Accumulated unpaid claim	605,602	814,380	1,455,211	2,624,482	3,658,446	9,158,121
Add: accumulated unpaid claim before 2008						1,467,562
Subtotal						10,625,683
Provision for statutory insurance claims reserve (Note)	(1)	18,647	110,583	366,028	299,391	794,648
Recognition in balance sheet						$ 11,420,331

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

14. THE OBJECTIVE, POLICY AND PROCEDURE OF CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to safeguard capital adequacy and solvency of the Company in order to support the Company's sustainable development and continuously create interests for shareholder.

Taiwan insurance enterprises usually measure whether the capital is adequate by using the capital adequacy ratio. Pursuant to Article 143-4 of Insurance Act, an insurance enterprise's ratio of self-owned capital to risk-based capital may not be lower than 200%. The Company calculates the capital adequacy ratio once every six months in accordance with "Regulations Governing Capital Adequacy of Insurance Companies" to ensure that it can continuously meet the statutory capital requirement.

In accordance with "Regulations Governing Capital Adequacy of Insurance Companies", capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is the total capital approved by the competent authority, which includes recognized owners' equity and other adjustment items as regulated by the competent authority; risk-based capital is the total capital calculated based on the extent of risk that an insurance enterprise assumes in its actual operations. Capital adequacy ratios of the Company as at December 31, 2014 and 2013 were all above 300% in compliance with regulation.

15. OTHER DISCLOSURES

(1) Information of significant transactions

A.Acquisition of real estate in excess of $100,000 or 20% of the paid-up capital: None.

B.Disposals of real estate in excess of $100,000 or 20% of the paid-up capital: None.

C.Related party transactions in excess of $100,000 or 20% of the paid-up capital: None.

D.Accounts receivable from related parties in excess of $100,000 or 20% of the paid-up capital: None.

E.Derivative business transactions: Please see Note 6 (3).

F.Business and significant transactions between the parent company and subsidiaries, and those between subsidiaries: None.

(2) Information related to long-term investments

None.

(3) Investments in Mainland China and business transactions

None.

16. SEGMENT INFORMATION

(1) General information

The Company only operates reinsurance business and the chief operating decision-maker assesses performance and allocates resources as a whole; therefore, the Company has only one operating segment.

(2) Information on product

The Company has only one kind of product; therefore, disclosure of financial information by product is not applicable.

(3) Geographical information

Premiums income of the Company from domestic and foreign clients for 2014 and 2013 are as follows:

	2014	2013
Domestic inward reinsurance	$ 14,894,826	$ 13,984,303
Foreign inward reinsurance	1,455,042	1,665,390
	$ 16,349,868	$ 15,649,693

(4) Major customer information

There are specific customers of Compulsory Motor Insurance Pool that contributed over 10% of the total revenues stated on the Company's statement of income. In 2014 and 2013, premiums income from these customers amounted to $2,286,212 and $2,271,131, constituting 13.98% and 14.51% of the related totals, respectively.

17. BORROWINGS RESULTED FROM PAYMENT OF CLAIMS

None.

18. ACQUISITION, CONSTRUCTION, IDLELIZATION AND SALES OF MAIN OPERATING ASSETS AND REAL ESTATE INVESTMENTS

None.

19. IMPORTANT LAWSUITS IN PROGRESS OR ADJUDICATED

None.

20. IMPORTANT CONTRACTS SIGNED, DISCHARGED BY PERFORMANCE, AGREEMENT, OR BREACHED

Aside from regular contracts related to the insurance business, the Company had no important contracts signed, discharged by performance, agreement, or breached.

21. INVESTMENT ITEMS AND INVESTMENT CEILINGS WITH THE INVESTMENT FUNDS BEING HANDLED AND MANAGED BY THE SECURITIES INVESTMENT TRUST COMPANIES OR SECURITIES INVESTMENT CONSULTING COMPANIES

None.

22. ADJUSTMENT OF ORGANIZATION AND SIGNIFICANT CHANGE OR REFORM OF MANAGEMENT MECHANISM

None.

23. EFFECTS OF SIGNIFICANT CHANGES IN GOVERNMENT LAWS

None.